



***Leaders & Lagers Indicator  
User Manual***

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### **Leaders & Lagers Concepts Explained:**

The GZT\_Leaders\_Lagers indicator is used as a market breadth tool. It is comprised of a % change requirement that measures the strength of the applied markets based on (+/-) % change off either of the following:

- **Session Template**
- **Chart Start**
- **Specific Date**

The indicator is used to see which market is strongest (**LEADING**) and which market is weakest (**LAGGING**) when looking at correlated & non-correlated markets. The tool is best applied to either of the following groups of markets:

- **Equity indexes**
- **Currencies**

When applying the tool to monitor (equity index markets) we measure the following pegged against the **S&P500**.

- **Dow Jones**
- **Nasdaq**
- **Russell**

When applying the tool to monitor (currency markets) we measure the following pegged against the **US Dollar**.

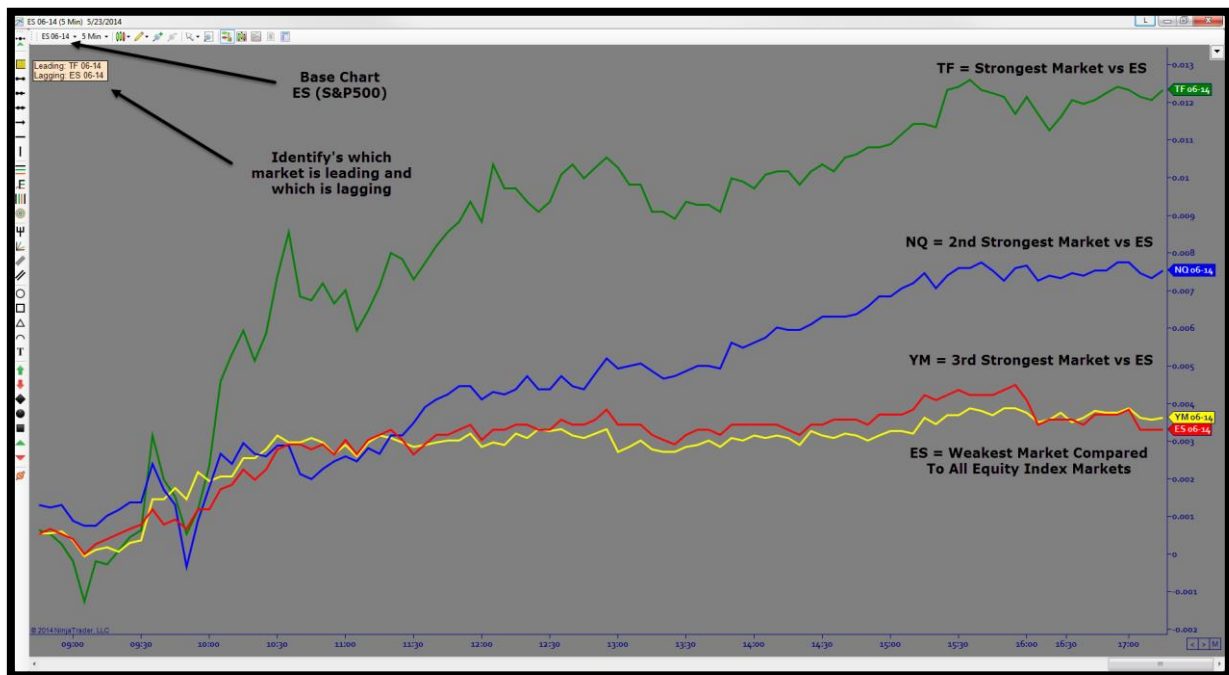
- **Aussie Dollar**
- **British Pound**
- **Canadian Dollar**
- **Swiss Franc**
- **Euro**

The indicator can be used on all of the following markets:

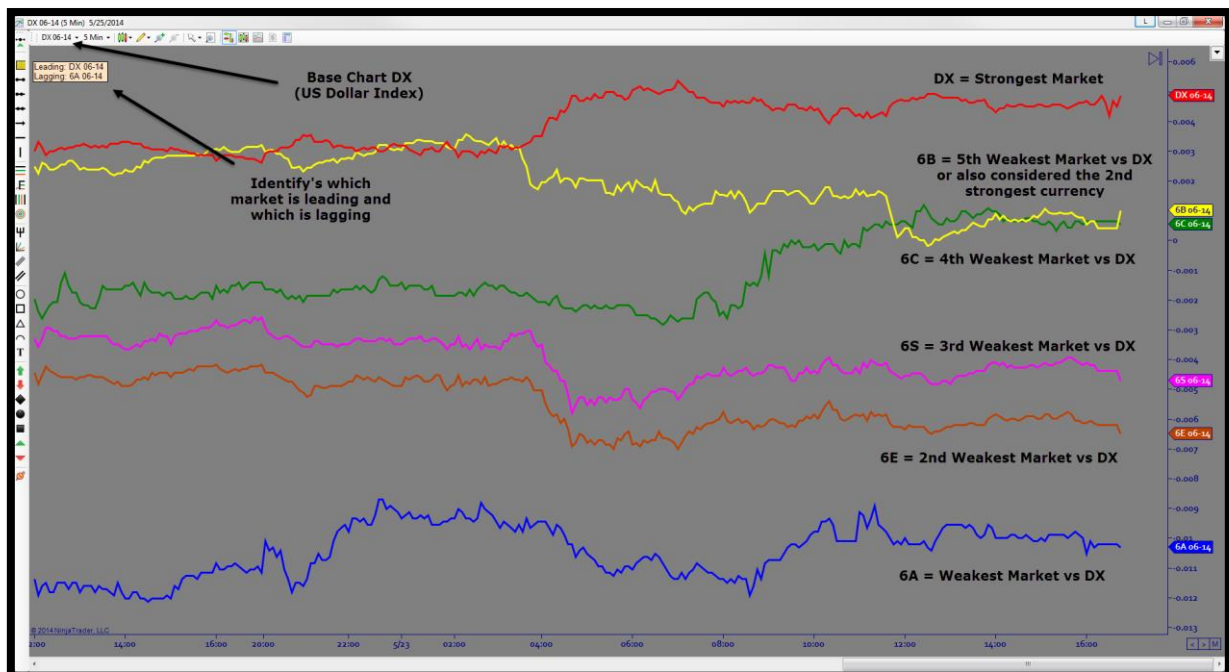
- **Equities**
- **Futures**
- **Forex**

For the GZT Mastery Trader Program we use the GZT\_Leaders\_Lagers indicator to monitor both stock index futures and currency futures markets as our training program is solely focused on futures trading. The indicator can be used with more markets and instruments that were not listed above however, if you require additional information when applying it to equities or forex pairs please email [support@goldenzonettrading.com](mailto:support@goldenzonettrading.com)

## Measuring Market Breadth of Stock Market Indexes (Futures)



## Measuring Market Breadth of Currencies (Futures)



### Leaders & Lagers Base Concepts:

Concept	Definition
<b>Leader</b>	- The strongest market
<b>Lagger</b>	- The weakest market
<b>Base Market</b>	The market which is used as the base chart that all other markets are pegged against. <ul style="list-style-type: none"><li>- ES (S&amp;P500) is the base for stock index markets</li><li>- DX (US Dollar Index) is the base for currency markets</li></ul>

### Application to trading:

- When looking at long positions/trades, one can consider choosing trades in the strongest markets (leaders) as these represent the strongest % change against the other correlated/non-correlated markets.
- When looking at short positions/trades, one can consider choosing trades in the weakest markets (laggers) as these represent the weakest % change against the other correlated/non-correlated markets.

### Leaders & Lagers Indicator Parameters & Settings:

Group	Parameters	Allowable Values	Description
<b>Info Box</b>	<b>Box Color</b>	<b>Custom/Web/System</b> <b>Default = Bisque</b>	Allows for changing the color of the leaders & lagers dialog box.
	<b>Text Color</b>	<b>Custom/Web/System</b> <b>Default = Black</b>	Allows for changing the color of the text in the leaders & lagers dialog box.
	<b>Outline Color</b>	<b>Custom/Web/System</b> <b>Default = Black</b>	Allows for changing the outline color of the leaders & lagers dialog box.
	<b>Show Box</b>	<b>True/False</b> <b>Default = True</b>	This function is to show or hide the leaders & lagers dialogue box.
<b>Instruments</b>	<b>Instruments 2-9</b>	<b>Identified Markets (Instrument/Date/Contract)</b>	The following fields are to allow the user to input the specific markets they wish to show that are pegged against the base market. Instrument 1- always represents the base market and is not shown here.
<b>Parameters</b>	<b>Start Type</b>	<b>Session/Chart Start/Date</b> <b>Default = Session</b>	When <b>Session</b> is selected it applies the leaders and lagers to start at the specific session start time. When <b>Chart Start</b> is selected it applies the leaders and lagers to start at the beginning of the chart time. When <b>Date</b> is selected it applies the leaders and lagers to start at a specific date that is specified
	<b>Start Time</b>	<b>Specific Date</b>	Allows the user to specify the date they wish to have the leaders and lagers start from when the start type is set to date.
<b>Data</b>	<b>Calculate on bar close</b>	<b>True/False</b> <b>Default = False</b>	When set to false, indicator recalculates with every incoming tick on real-time data

<b>Lines</b>	<b>Zero Line</b>	<b>Color/Style/Width</b> Default = Transparent	Allows the user to select the zeroline of the indicator. (This is never applied or used)
<b>Plots</b>	<b>Plot 1-9</b>	<b>Color/Style/Width</b>	<p>This allows the user to select each market color/style/width for each market used in the leaders and ladders graph which is pegged against the base market.</p> <p>These plots will be directly related to each market listed in the instrument section.</p> <p>All plots that are not used must be set to (transparent)</p> <p>Plot 1- always represents the base market.</p>

Indicators

ChaikinOscillator

ChaikinVolatility

CMO

ConstantLines

CurrentDayOHL

CurrentDayOHL2

CustomPlotSample

Darvas

DeltaPoint\_Volume\_Delta

DEMA

DMI

DMI

DMIndex

DonchianChannel

DoubleStochastics

DSMA

DTMA

DWMA

EaseOfMovement

ElliottOscillator

EMA

EMA\_Colors

FibonacciZones

FibonacciZonesAccess

Fisher\_Transform\_Optimized\_Multi-Color

FisherTransform

FocalPoint\_FibPoint™

FOSC

fsCurrentDayTWAP

fsCurrentDayVWAP

fsCurrentMonthTWAP

fsCurrentMonthVWAP

fsCurrentWeekTWAP

fsCurrentWeekVWAP

fsRollingTWAP

fsRollingVWAP

GZT\_GoldenFibs

GZT\_SDVolumeZones

GZT\_VelocityMomo

GZTLeaders\_Ladders

GZTLeaders\_Ladders

ToolbarShortcutV1(ES 06-14 (5 Min),True,True,True,Tru

New

Remove

Info Box

1. Box Color

Bisque

2. Text Color

Black

3. Outline Color

Black

4. Show Box?

True

Instruments

Inst2

NQ 06-14

Inst3

YM 06-14

Inst4

TF 06-14

Inst5

Inst6

Inst7

Inst8

Inst9

Parameters

Start Type

Session

StartTime

1/1/2014

Data

Calculate on bar close

False

Input series

ES 06-14 (5 Min)

Maximum bars look be

TwoHundredFiftySix

Visual

Auto scale

True

Displacement

0

Display in Data Box

True

Label

GZTLeaders\_Ladders

Panel

2

Price marker(s)

True

Scale justification

Right

Lines

zero line

☐ 0

Color

Transparent

Dash style

Solid

Value

0

Width

1

Plots

Plot1

☒ Line: Solid: 3px

Plot2

☒ Line: Solid: 3px

Plot3

☒ Line: Solid: 3px

Plot4

☒ Line: Solid: 3px

Plot5

☐ Line: Solid: 3px

Plot6

☐ Line: Solid: 3px

Plot7

☐ Line: Solid: 3px

Plot8

☐ Line: Solid: 3px

Plot9

☐ Line: Solid: 3px

Plot1

OK

Apply

Close



### Application Explained:

- The following chart represents the TF as the leading market followed by the NQ as the 2<sup>nd</sup> strongest against the ES. Depending on your applied strategy, this tool identifies that if your bias was to go long the market, the TF and the NQ would be higher probability markets to trade long as they represent (+) % strength over the other 2 markets (ES/YM).
- If your bias was to go short the market, your higher probability trades would most likely be represented in the (ES/YM) as they demonstrate weakness against the other 2 (NQ/TF).
- It is important to mention that the general market strength (either +/- % change as a combined whole does not mean for you to go long or short the markets. The tool is to identify which market is strongest and weakest against a pegged market. This can be best demonstrated when applied to your chosen trade strategy and setups to increase odds of success by trading the market that has strength or weakness in your favor.
- When choosing a base chart timeframe (ie: 5 min) for these examples, it is best to apply the chart timeframe to the style of your trading. If you are a day trader you will want to apply a smaller timeframe to the base chart. If you are a swing trader you may wish to increase the timeframe to a higher fractal (ie: hourly/daily).



### Application Explained:

- When looking at the chart below we have 5 currency futures markets (6A/6B/6E/6S/6C) all pegged against the US Dollar Index (DX). This chart represents which currency markets are strongest and weakest against the US Dollar.
- When we look at applying this to trading, longs would represent higher probabilities with the 3 stronger markets (6C/DX/6A). Shorts would represent higher probabilities with the 3 weaker markets (6B/6S/6E)
- The things to consider for using this tool towards any type of market breadth analysis is to factor in the variable that are independent of the tool (ie: your trade strategy and your setups). We simply use this to enhance our original strategy by trading stronger and weaker markets in correlation to our standard approach.

